WRITTEN ANSWERS TO UNSTARRED QUESTIONS

Trade treaty with SAARC countries

472. SHRI SURESH PACHOURI: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether India has signed a trade treaty with SAARC members;

(b) if so, the highlights of the treaty;

(c) whether multi-national operating in these SAAC countries are likely to take undue advantages of concessional duty facility to flood Indian market with their goods especially food items; and

(d) in what manner Government propose to tackle this problem?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI RAJIV PRATAP RUDY): (a) and (b) The Agreement establishing the SAARC Preferential Trading Arrangement (SAPTA) was signed on 11th April, 1993 in Dhaka by all seven SAARC countries namely, India, Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka and the Maldives. SAPTA provides a framework for the exchange of tariff concessions with a view to promoting trade and economic cooperation among the SAARC member countries.

(c) and (d) The multi-national operating in these SAARC countries are unlikely to take undue advantage of concessional duty facility to flood the Indian market with their goods since tariff preferences are subject to Rules of Origin under the SAPTA Agreement. To qualify for preferential treatment under SAPTA, goods must fulfill the following Rules of Origin prescribed in the Agreement:—

(i) For developing Member countries of SAARC, value addition/ local content in the exporting country should be 40%.

(ii) In case a product is processed in more than one member country of SAARC, the cumulative value addition/local content requirement is 50%.

(iii) There is a relaxation of 10 per cent in these criteria for the least developed SAARC countries, namely, Bangladesh, Bhutan, Maldives and Nepal.